The New Moon Café

Introduction

Established in 1996 by a sole proprietor in downtown Olympia, Washington, The New Moon Café has long been known for its quirky menu, delicious food, and curiously large selection of hot sauces. In July 2013, this breakfast and lunch restaurant transferred ownership to a collectively managed 14 worker-owner cooperative. Since that time, the cooperative has made systematic supply changes by sourcing from local, organic, and ethical suppliers, who embody the café's values. To avoid alienating the restaurant's existing clientele, these changes have been implemented gradually.

The worker-owners have their roots in a democratically-run student enterprise on the Evergreen State College campus, which prepared and inspired the worker-owners of the New Moon Café to come together to manage and operate a cooperatively owned restaurant. It is a new and exciting juncture in the restaurant's history as the business thrives under collective management.

Historical Overview

The New Moon Café's worker-owners come out of a student-run, collectively managed café, the Flaming Eggplant, on the Evergreen State College campus. At the Flaming Eggplant, students gain restaurant and kitchen skills, as well as experience in collective management and consensus decision-making. Most students who work at the Flaming Eggplant are greatly influenced by their experience. This was especially true for a group of 13 students, all past employees of the Flaming Eggplant, who upon graduation felt impassioned to continue participating in democratic workplaces.

"We had formed a group called the Black Moon Collective. We had been working at the Flaming Eggplant and had gotten experience working with each other in a non-hierarchical model. Then a lot of people graduated and didn't want to have to work a job again with a boss, and so we started having meetings around the idea of opening a collective restaurant downtown."[58]

The Black Moon Collective started meeting regularly in January 2013 with the intention of owning, managing, and operating a cooperatively owned restaurant together. Early in the exploratory planning phase they were presented with an opportunity to cater an event. The catering job was viewed as an opportunity for the group to practice their business skills and raise capital for the eventual restaurant. While the catering job fell through, the experience acted as a catalyst to focus the group's energy on planning the next steps in launching a worker cooperative café of their own.

Conversion Structure and Process

During that time, four members of the Black Moon Collective were working at the New Moon Café. When the existing owner heard of their plans, he said that he would be amenable to selling the business to the collective. A founding worker-owner recalls, "The owner was a younger guy who wanted to go back to school. He had been approached to sell but wanted to make sure the business was sold to the right people in the community, and he liked our project."[59]

This development triggered three months of informal negotiations between the owner and the collective to estimate the restaurant's value. The value was based upon such factors as the café's established and loyal clientele base, its reputation, and its history of profitability. The Black Moon Collective made a unanimous decision to move forward with the purchase of the New Moon Café, leading to the New Moon's incorporation as a cooperative in July of 2013. "We felt really lucky to have the opportunity to buy an already existing restaurant with goodwill and a customer base," explains worker-owner Kai Martins.[60]

Contemporaneous to the purchasing process, the group focused on developing a cooperative framework for their new business. They worked in informal, flexible committees to write a business plan and secure financing. They trained and educated all the worker-owners in the New Moon Café's day-to-day operations. The worker-owners entered the ownership transition thoughtfully with the strategy of making incremental, yet fundamental changes:

"The Cooperative will change very little about the way in which the business is outwardly practiced, in order to not disrupt the preexisting customer base. The New Moon Café will gradually incorporate business practices more aligned with its mission statement such as sourcing its ingredients from local farms and holding evening events, performances, and programs. The only immediate change to the business practice will be the management structure. All decisions will be made democratically and the tasks a single owner would normally be responsible for will be divided among the members, as is typical of worker-owned businesses."[61]

The worker-owners utilized three revenue streams to purchase the restaurant: owner buy-in, crowdsourcing through an IndieGoGo campaign,[62] and financing through the previous owner, who willingly carried the loan. Because the financial committee was underinformed about how much financing they would qualify for, its members felt a great deal of stress while raising the money. Despite raising only $8,705 of their $50,000 IndieGoGo

crowdfunding goal, the addition of $15,000 in owner equity made it possible to purchase the New Moon Café.

To ensure a more seamless ownership transition, four cooperative members, in addition to the four already employed at the New Moon Café, trained without pay for the month of July. They learned the back house and front house duties, and transferred that information to the remainder of the cooperative members. The training process weighed heavily on a few. While some members learned the daily kitchen and serving duties, others regularly met with the previous owner in order to learn the operation's financial tasks, including how he did his books and his purchasing routine, as well as his taxes and payroll. The most important transition step was the time they took to build relationships with the Café's customers and suppliers.

To further support the ownership transition, one other employee of the New Moon Café who was familiar with the operations joined the worker-owners. This brought the group to an even 14 worker-owners and helped bridge the institutional knowledge gap from the New Moon Café to the new cooperative.

For general support, the worker-owners made use of existing cooperative development resources. They reached out to the Northwest Cooperative Development Center, and other cooperatives, such as Casa Nueva Restaurant in Athens, Ohio, with specific questions. They also worked with the Anti-Oppression Resource and Training Alliance Collective (AORTA) on group dynamics and conflict resolution. "[AORTA] is really awesome and helpful. I think we have incorporated almost all of their suggestions."[63] All but one of the cooperative's worker-owners was educated in workplace democracy while working at the Flaming Eggplant. These experiences made it possible to forego some of the basic education in democratic capacity and cooperative financials that new co-op members should receive.

While competent in collective management, the cooperative would have benefited from professional business advice to guide them through the purchasing process. The worker-owners suffered a steep learning curve in the negotiation phase, and now believe they should have hired a business appraiser to value the business. Though they worked with a lawyer in the initial stages, they discontinued his services after finding him unhelpful. They could have benefited from bringing on a lawyer familiar with cooperative law.

Current Status of the Cooperative

As of September 2014, the New Moon Café is comprised of the founding 14 member-owners and has the intention of hiring soon. They

are financially stable bringing in $320,000 in sales their first year as a cooperative, and are successfully paying down their debt.

Governance and Management

The New Moon Café is governed through committees. They have four active committees that meet weekly:

- Food: responsibilities include ordering; budget analysis training, and consistency
- Operations: responsibilities include scheduling, conflict resolution, maintenance, planning trainings, and strategy retreats
- Marketing: responsibilities include all aspects of marketing and community outreach
- Finance: responsibilities include maintaining the books, payroll, and quarterly financial reports

There is no official board. The member-owners act in place of a board by taking on the long-term strategic planning as well as the responsibility for running the business's daily tasks. Decisions are made collectively using consensus decision-making.[64] Every member is on a committee that consists of three to four members each and meets weekly. In addition, there is a weekly general staff meeting, where individual committee work is presented to the broader membership and whole-group decisions are made. The committees have autonomy to make day-to-day decisions, and the membership body is generally abreast of the direction and challenges facing each committee. Twice a year, the worker-owners participate in a staff retreat focused on the co-op long term strategy and vision.

Rather than a conventional management structure where one person or a small group takes the lead by supervising, the New Moon Café maintains its collective quality by relying on a process of accountability. One worker-owner sums it up:

"On shift, our boss is our group expectations and our manager is our accountability process. You are responsible to the whole group at our weekly meeting, and so far this is working for us. [The accountability process] looks like – when something is going wrong— that the person will meet with two to three people on the operations committee to develop an improvement plan that they then share with the whole group at our general meeting. If something becomes chronic behavior, right now, that will trigger one of these processes."[65]

An ordinary shift consists of one to two servers, one dish washer/prep cook, and one line cook. Everyone on the floor has received the same trainings from the Food

committee, and they have a shared understanding of what is expected of them. The Food Committee trains everyone on general standards and portion consistency, making it possible for each person to hold their shiftmates, as well as themselves, to a baseline standard.

Membership

When the time came for all members to buy in, they had not yet settled on a member equity price. "We said, whatever you feel comfortable throwing in, do it!" remembers founding member Simon Gorbaty.[66] The worker-owners did, which resulted in owners investing substantially different amounts in the cooperative. One worker-owner put in $14,000, while others only contributed $100. Retroactively, the New Moon Café cooperative set their membership equity at $350 for founding members. After the first year in business, everyone has either paid in or been paid back all but the $350 equity buy-in. The co-op continues to struggle with setting the equity requirement for new members.

"We are still talking about a buy-in price. We are trying to determine what a buy-in for new members will be. That number right now is around $700. We are trying to figure out a way to make it equitable for all of the unpaid work that people have done through committees that new members are going to see a return on, but didn't necessarily invest in."[67]

The cooperative has yet to hire and is in the process of working out the details of membership requirements. To date, all workers are members and they intend to maintain this composition, making it 100 percent worker owned and run.

Ongoing Challenges

The worker-owners are committed to seeing the café succeed. The sheer amount of personal time they regularly dedicate to the business is proof enough. At this point, the worker-owners have not been compensated for the time they spent planning and purchasing the café or for their ongoing committee work. Their contribution to running the business, outside of their work shifts, depends on the worker-owner's commitment, ideological dedication, good will, youth and fervor, and a genuine desire to create a wonderful place to work.

The worker-owners are starting to wonder if their committee work is sustainable without being paid. Hoping to find some balance, owners are looking for ways to fairly compensate themselves for the time they work. The solution is still unclear, but they are having discussions and collaboratively confronting the challenging issue that so often put workers and bosses at odds: how do we spend payroll on work not directly related to our daily tasks?

Another current challenge for them is an impending construction development next

door to the café.[68] It is not yet clear what this will mean for them, or what can be done about it. But the concern is real. The cooperative is actively monitoring the situation and has taken precautionary measures to either combat or accommodate the development. Which strategy they pursue will depend upon what is best for the cooperative.

What they have created so far has fulfilled the owners' expectations, and it is a source of pride for each of them. Being an owner, a manager, and a worker comes with a unique set of challenges. The New Moon Café is committed to meeting these current and future challenges head on through the collective decision making process.

Analysis

The New Moon Café is fulfilling its mission of allowing workers to control their livelihoods by creating jobs that foster self-development and well-being, while affirming their worth and equality as workers. As important, the café strives to make locally-sourced, organic, ethically-supplied food accessible to their community.[69] Whenever possible, the café partners with other cooperatives to deliver the best products to their customers, while strengthening its solidarity with workers across the country. The café's sourcing priorities support other cooperatives and workers, in addition to local and organic producers. As worker-owners they are proud to tell people they own the café.

The worker-owners' experiences are foundational to the success that they are currently experiencing at the New Moon Café. Through their time working at the Flaming Eggplant, they learned the meaning of working collectively and the value of democracy in the workplace. They developed skills well beyond how to be a server or a prep cook. They learned not only how to run a business and a restaurant; *they learned how to do it together*.

Their vision is to grow additional democratic and community-oriented projects out of the New Moon Café. The worker-owners are clearly dedicated to strengthening their connection to the Olympia community, which is expressed in their business plan:

"The café is already a well-established community space that highlights local artists, fliers for local events, and community papers for patrons to read while they eat. The Cooperative will not make any alterations that may drastically change this atmosphere, although the cooperative is interested in opening the café for evening events and performances in the future."[70]

The New Moon Café worker-owners are dedicated to the cooperative structure and have tangibly experienced the transformative impact of the cooperative difference. "I have seen myself and so many of my collective members really become incredible people.

Through this project, we have learned skills that we never thought we would have. We have become better people in really amazing ways, and it has been wonderful to watch. We are more accountable, more hard working, more creative and intelligent."[71] Their lives have benefited from taking control of their livelihood, and they hope to expand participation to more workers.

Part of expanding this model is learning from the personal and collective experiences at the New Moon Café. If the worker-owners were able to go back in time, there are a few things they would have done differently:

- Completed an independent valuation of the business
- Conducted a thorough survey of the location, including future development plans
- Sought help with the purchasing negotiation
- Found a lawyer with a specialization in cooperatives

The cooperative's explicit advice to other potential employee buyers is twofold:

- "Owners that are selling to their employees may come across like "I am really trying to work with y'all. I really support what you are doing," but it is good to be cautious and consider why they are trying to sell."[72]
- "Be patient, because it can take a while. There are a lot of scary things, but do not be intimidated. Dream big, and you can do it! It is totally possible."[73]

Conclusion

The New Moon Café has been a staple for Olympia's locals since 1996, and in July of 2013 the café converted to a worker cooperative structure. Since then, customers have been very positive about the functioning of the business and have consistently complimented them on their menu changes. The worker-owners are committed to their jobs and the overall success of the restaurant. They find the shared-ownership both rewarding and demanding. It is challenging to improve menu offerings while paying themselves fairly and maintaining their bottom line. They are excited to own the café together and enact their commitment to collective-management every day. Their start at the Flaming Eggplant put these collective-entrepreneurs on a new, exciting, and rewarding path, which further rooted them in the community and gave them control of their livelihoods. In an unstable job market for recent graduates, the worker-owners of the New Moon Café have found a way around taking undesirable jobs or unemployment, and are happy with what they have created.

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